



General Assembly

February Session, 2008

Raised Bill No. 5845

LCO No. 2778

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Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

***AN ACT CONCERNING A CONNECTICUT INCOME TAX DEDUCTION
FOR THE HOMECARE OPTION PROGRAM FOR THE ELDERLY
(HOPE).***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of
2 section 12-701 of the 2008 supplement to the general statutes is
3 repealed and the following is substituted in lieu thereof (*Effective July*
4 *1, 2008, and applicable to taxable years commencing on or after January 1,*
5 *2008*):

6 (B) There shall be subtracted therefrom (i) to the extent properly
7 includable in gross income for federal income tax purposes, any
8 income with respect to which taxation by any state is prohibited by
9 federal law, (ii) to the extent allowable under section 12-718, exempt
10 dividends paid by a regulated investment company, (iii) the amount of
11 any refund or credit for overpayment of income taxes imposed by this
12 state, or any other state of the United States or a political subdivision
13 thereof, or the District of Columbia, to the extent properly includable
14 in gross income for federal income tax purposes, (iv) to the extent
15 properly includable in gross income for federal income tax purposes

16 and not otherwise subtracted from federal adjusted gross income
17 pursuant to clause (x) of this subparagraph in computing Connecticut
18 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the
19 extent any additional allowance for depreciation under Section 168(k)
20 of the Internal Revenue Code, as provided by Section 101 of the Job
21 Creation and Worker Assistance Act of 2002, for property placed in
22 service after December 31, 2001, but prior to September 10, 2004, was
23 added to federal adjusted gross income pursuant to subparagraph
24 (A)(ix) of this subdivision in computing Connecticut adjusted gross
25 income for a taxable year ending after December 31, 2001, twenty-five
26 per cent of such additional allowance for depreciation in each of the
27 four succeeding taxable years, (vi) to the extent properly includable in
28 gross income for federal income tax purposes, any interest income
29 from obligations issued by or on behalf of the state of Connecticut, any
30 political subdivision thereof, or public instrumentality, state or local
31 authority, district or similar public entity created under the laws of the
32 state of Connecticut, (vii) to the extent properly includable in
33 determining the net gain or loss from the sale or other disposition of
34 capital assets for federal income tax purposes, any gain from the sale
35 or exchange of obligations issued by or on behalf of the state of
36 Connecticut, any political subdivision thereof, or public
37 instrumentality, state or local authority, district or similar public entity
38 created under the laws of the state of Connecticut, in the income year
39 such gain was recognized, (viii) any interest on indebtedness incurred
40 or continued to purchase or carry obligations or securities the interest
41 on which is subject to tax under this chapter but exempt from federal
42 income tax, to the extent that such interest on indebtedness is not
43 deductible in determining federal adjusted gross income and is
44 attributable to a trade or business carried on by such individual, (ix)
45 ordinary and necessary expenses paid or incurred during the taxable
46 year for the production or collection of income which is subject to
47 taxation under this chapter but exempt from federal income tax, or the
48 management, conservation or maintenance of property held for the
49 production of such income, and the amortizable bond premium for the

50 taxable year on any bond the interest on which is subject to tax under
51 this chapter but exempt from federal income tax, to the extent that
52 such expenses and premiums are not deductible in determining federal
53 adjusted gross income and are attributable to a trade or business
54 carried on by such individual, (x) (I) for a person who files a return
55 under the federal income tax as an unmarried individual whose
56 federal adjusted gross income for such taxable year is less than fifty
57 thousand dollars, or as a married individual filing separately whose
58 federal adjusted gross income for such taxable year is less than fifty
59 thousand dollars, or for a husband and wife who file a return under
60 the federal income tax as married individuals filing jointly whose
61 federal adjusted gross income for such taxable year is less than sixty
62 thousand dollars or a person who files a return under the federal
63 income tax as a head of household whose federal adjusted gross
64 income for such taxable year is less than sixty thousand dollars, an
65 amount equal to the Social Security benefits includable for federal
66 income tax purposes; and (II) for a person who files a return under the
67 federal income tax as an unmarried individual whose federal adjusted
68 gross income for such taxable year is fifty thousand dollars or more, or
69 as a married individual filing separately whose federal adjusted gross
70 income for such taxable year is fifty thousand dollars or more, or for a
71 husband and wife who file a return under the federal income tax as
72 married individuals filing jointly whose federal adjusted gross income
73 from such taxable year is sixty thousand dollars or more or for a
74 person who files a return under the federal income tax as a head of
75 household whose federal adjusted gross income for such taxable year
76 is sixty thousand dollars or more, an amount equal to the difference
77 between the amount of Social Security benefits includable for federal
78 income tax purposes and the lesser of twenty-five per cent of the Social
79 Security benefits received during the taxable year, or twenty-five per
80 cent of the excess described in Section 86(b)(1) of the Internal Revenue
81 Code, (xi) to the extent properly includable in gross income for federal
82 income tax purposes, any amount rebated to a taxpayer pursuant to
83 section 12-746, (xii) to the extent properly includable in the gross

84 income for federal income tax purposes of a designated beneficiary,
 85 any distribution to such beneficiary from any qualified state tuition
 86 program, as defined in Section 529(b) of the Internal Revenue Code,
 87 established and maintained by this state or any official, agency or
 88 instrumentality of the state, (xiii) to the extent allowable under section
 89 12-701a, contributions to accounts established pursuant to any
 90 qualified state tuition program, as defined in Section 529(b) of the
 91 Internal Revenue Code, established and maintained by this state or
 92 any official, agency or instrumentality of the state, (xiv) to the extent
 93 properly includable in gross income for federal income tax purposes,
 94 the amount of any Holocaust victims' settlement payment received in
 95 the taxable year by a Holocaust victim, (xv) to the extent properly
 96 includable in gross income for federal income tax purposes of an
 97 account holder, as defined in section 31-51ww, interest earned on
 98 funds deposited in the individual development account, as defined in
 99 section 31-51ww, of such account holder, (xvi) to the extent properly
 100 includable in the gross income for federal income tax purposes of a
 101 designated beneficiary, as defined in section 3-123aa of the 2008
 102 supplement to the general statutes, interest or dividends earned on
 103 contributions to accounts established for the designated beneficiary
 104 pursuant to the Connecticut Homecare Option Program for the Elderly
 105 established by sections 3-123aa to 3-123ff, inclusive, of the 2008
 106 supplement to the general statutes, [and] (xvii) to the extent properly
 107 included in gross income for federal income tax purposes, fifty per
 108 cent of the income received from the United States government as
 109 retirement pay for a retired member of (I) the Armed Forces of the
 110 United States, as defined in Section 101 of Title 10 of the United States
 111 Code, or (II) the National Guard, as defined in Section 101 of Title 10 of
 112 the United States Code, and (xviii) to the extent allowable under
 113 section 2 of this act, contributions to accounts within the Connecticut
 114 Home Care Trust Fund pursuant to sections 3-123aa to 3-123ff,
 115 inclusive.

116 Sec. 2. (NEW) (*Effective July 1, 2008, and applicable to taxable years*
 117 *commencing on or after January 1, 2008*) The maximum annual

118 modification under subparagraph (B)(xviii) of subdivision (20) of
119 subsection (a) of section 12-701 of the 2008 supplement to the general
120 statutes, as amended by this act, shall not exceed five thousand dollars
121 for each individual taxpayer, or ten thousand dollars for taxpayers
122 filing a joint return. Any amount of a contribution that is not
123 subtracted by the taxpayer in the taxable year for which the
124 contribution is made, on or after January 1, 2008, may be carried
125 forward as a subtraction from income for the succeeding five years,
126 provided the amount subtracted shall not exceed the maximum
127 allowed in each subsequent taxable year. Any distributions taken by a
128 distributee during a taxable year in which the distributee also makes a
129 deductible contribution shall be included in Connecticut adjusted
130 gross income.

131 Sec. 3. (NEW) (*Effective July 1, 2008*) (a) The Connecticut Home Care
132 Trust Fund shall constitute an instrumentality of the state and shall
133 perform essential governmental functions, as provided in this section
134 and sections 3-123aa to 3-123ff of the 2008 supplement to the general
135 statutes, inclusive. The trust shall receive and hold all payments and
136 deposits or contributions intended for the trust, as well as gifts,
137 bequests, endowments or federal, state or local grants and any other
138 funds from any public or private source and all earnings until
139 disbursed in accordance with section 3-123aa of the 2008 supplement
140 to the general statutes.

141 (b) The amounts on deposit in the trust as individual savings
142 accounts shall not constitute property of the state and such amounts
143 shall not be construed to be a department, institution or agency of the
144 state. Amounts on deposit in the trust shall not be commingled with
145 state funds and the state shall have no claim to or against, or interest
146 in, such funds. Any contract entered into by or any obligation of the
147 trust shall not constitute a debt or obligation of the state and the state
148 shall have no obligation to any designated beneficiary or any other
149 person on account of the trust and all amounts obligated to be paid
150 from the trust shall be limited to amounts available for such obligation

151 on deposit in the trust. The amounts on deposit in the trust may only
 152 be disbursed in accordance with the provisions of this section and
 153 sections 3-123aa to 3-123ff of the 2008 supplement to the general
 154 statutes, inclusive. The trust shall continue in existence as long as it
 155 holds any deposits or has any obligations and until its existence is
 156 terminated by law. Upon termination any unclaimed assets shall
 157 return to the state.

158 (c) The Comptroller shall be responsible for the receipt,
 159 maintenance, administration, investing and disbursements of amounts
 160 from the trust. The trust shall not receive deposits in any form other
 161 than cash. No depositor or designated beneficiary may direct the
 162 investment of any contributions or amounts held in the trust other
 163 than in the specific fund options provided for by the trust.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008, and applicable to taxable years commencing on or after January 1, 2008</i>	12-701(a)(20)(B)
Sec. 2	<i>July 1, 2008, and applicable to taxable years commencing on or after January 1, 2008</i>	New section
Sec. 3	<i>July 1, 2008</i>	New section

Statement of Purpose:

To provide a Connecticut income tax deduction of five thousand dollars for single filers and ten thousand dollars for joint filers for deposits to the Homecare Option Program for the Elderly (HOPE), to allow dividends, as well as interest, on contributions to HOPE to be deductible, and to provide clarifying language for the administration of HOPE.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]